

Coins

Caution: 'Gold rush' risks ahead

By Roger Boye

MANY advertisements for buying gold during the "rush of '75" carries the underlying but unstated theme: "This is the way to get rich quick."

For example, some coin dealers are advising a substantial investment in gold coins as the way to beat inflation.

Of course, no one knows what will happen to the price of gold in the next several months, now that it is legal for Americans to own gold in any form. Predictions of gold selling at a \$300-an-ounce level by year's end may prove entirely wrong, however.

If the U.S. government makes good on its promise to sell even more gold from its stockpiles when the demand is high, the price of gold will be depressed.

But if you decide to buy gold in spite of warnings that gold may not be so great an investment, there are several factors you should consider before spending your money:

- Are you responding to claims of fast profits? If so, think again. Why should you receive the benefit of such profits?

- Are you buying from a reputable company or

dealer? For example, has the company selling gold bars registered with the Securities and Exchange Commission or a state securities agency?

One obvious problem in buying gold bars is that you must sometimes take the seller's word that the bar contains, for example, 90 per cent gold. If the bar contains only 80 per cent gold, for example, the difference of 10 per cent could amount to several thousand dollars, depending on the weight of the bar.

So demand a written guarantee about the weight and the pureness of the gold.

The person investing in

U.S. gold coins doesn't have this problem [assuming, of course, the coins are genuine]. The government "guarantees" the coins contain 90 per cent gold.

If you plan to invest in gold coins, be sure to buy from a reputable dealer and or seek independent advice that the coins you buy are genuine.

- If you buy gold bars or gold coins, will you be expected to store them? If so, the only safe storage is a safe-deposit box. The expense and trouble of storage should be considered when buying gold.

If you buy gold bars and



Reverse of \$20 gold piece

are told the bars will be stored in your name at a central location, be sure to receive a receipt for the exact amount of gold being stored in your name.

Also, beware of other hidden costs when buying gold: sales tax, insurance, shipping, commissions, or assay fees.

- Would there be a ready market if you decide to sell your gold bars or gold coins? Might you have to have your gold reassayed before you sold it? Might you have to ship your gold across country before selling?

- Be wary of pressures to make hurried investment decisions.